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Dale Schuler, President  
National Association of Wheat Growers  
before  
the House Committee on Agriculture  
Review of Federal Farm Policy  
September 20, 2006

Mr. Chairman, Members of this Committee, my name is Dale Schuler, I am a wheat farmer from Carter, Montana and am currently serving as President of the National Association of Wheat Growers, or NAWG. Thank you for this opportunity to be here today to share the thoughts of the growers I represent on farm policy.

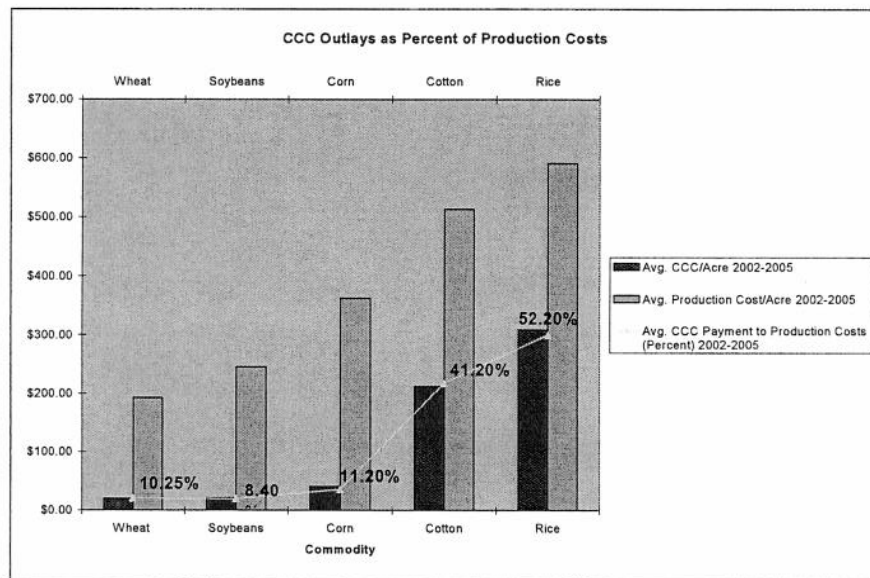
Effective farm legislation is essential, not only for wheat growers, but also for rural economies and American consumers. Farm programs were designed to cushion the boom and bust cycles that are inherent to agricultural production and to ensure a consistently safe, affordable and abundant food supply for the American people.

The 2002 Farm Bill has strong points, and the wheat growers that I represent here today believe that the next Farm Bill should build on these strengths. However, while wheat growers generally support current policy, much of the "safety net" provided by the 2002 bill has not been effective for wheat farmers.

Since 2002, wheat growers have received little or no benefit from two key components of the current bill, the counter cyclical program and loan deficiency payment program, for two main reasons. First, severe weather conditions for several consecutive years in many wheat states have led to significantly lower yields or total failure. The loan program and the LDP are useless when you have no crop. Secondly, the target price on the counter cyclical program for wheat was set considerably lower than market conditions indicated, and severe weather conditions in some areas have created a short crop, which has led to higher prices in other areas. As a result, there has been very little support in the form of counter cyclical payments.

As you can see by the chart in my testimony, the support level for wheat compared to other commodities for the 2002 to 2005 crop years, even as a percentage of production costs, is relatively low.

	Wheat	Soybean	Corn	Cotton	Rice
AVG CCC/Acre '02-'05	\$19.76	\$20.67	\$40.67	\$212.67	\$308.88
AVG Production Costs/acre '02-'05	\$192.64	\$245.25	\$362.61	\$513.81	\$638.76
AVG CCC to Production costs (%)	10.25%	8.4%	11.20%	41.20%	52.2%



Source for CCC outlays: <http://www.ers.usda.gov/publications/agoutlook/aotables/2006/03Mar/aotab35.xls>  
Sources for production costs/acre: <http://www.ers.usda.gov/Data/CostsandReturns/testpick.htm>

We are not, in any way, suggesting that other crops receive too much support – far from it, they face the same problems our growers face and rely heavily on this safety net. We are simply stating that wheat producers need a viable safety net also. There is no doubt that America's farmers would rather depend on the markets than the government for their livelihoods, but the current economic and trade environments do not offer a level playing field in the global marketplace. Many of our trading partners support their farmers at a much higher rate than in the U.S. At the same time, we face continually increasing production and transportation costs. Fuel and fertilizer prices are up an estimated 24 to 27 percent for wheat growers just from last year, as estimated in a recent FAPRI report, and the current disaster situation, including droughts, floods and fires, has been especially troubling for our members.

These issues have led us to begin looking at the effects of making minor alterations to the 2002 Farm Bill to put wheat in a more equitable position in the farm support system.

For instance, we are examining the impact of increasing the direct payment to more accurately reflect the economic situation wheat growers are currently facing. Fuel and fertilizer costs continue to skyrocket, yet the price of wheat, for the most part remains stagnant. While there has been a small increase in price this year due to drought, this doesn't help the many wheat farmers who had no crop, and still does not cover the cost of production for those who did have a crop. The direct payment is the most reliable cash flow of all program components and, as such, greatly aids in securing operating credit. We believe therefore, that more emphasis should be placed on this component of the commodity support system for wheat growers.

In addition to an increase in the direct payment, we are currently examining the impacts to both farmers and the government of increasing the target price to be more aligned with today's market conditions.

Also, our members would like to see the conservation programs continue as presently authorized, but with full funding, and we would like to explore opportunities to streamline program sign-up to be less time consuming and more producer friendly. We also believe strongly in the pursuit of renewable energy from agricultural sources and support additional incentives for further research and development of renewable energy initiatives, specifically cellulosic ethanol.

In closing, I must state that we are firmly committed to developing an effective 2007 farm bill and welcome the opportunity to work with you to do so.

Thank you for this opportunity. I am ready to answer any questions you may have.

Committee on Agriculture  
U.S. House of Representatives  
Information Required From Non-governmental Witnesses

House rules require non-governmental witnesses to provide their resume or biographical sketch prior to testifying. If you do not have a resume or biographical sketch available, please complete this form.

1. Name: Dale Schuler
2. Business Address: 17105 Dent Bridge Rd.  
Carter, MT 59420
3. Business Phone Number: (406) 734-5404
4. Organization you represent: National Association of Wheat Growers (NAWG)
5. Please list any occupational, employment, or work-related experience you have which add to your qualification to provide testimony before the Committee:  
Partner-Owner-Operator of Schuler Bros.  
Partnership since 1986. Schuler Bros. produces  
wheat, and barley on their farm in Montana.
6. Please list any special training, education, or professional experience you have which add to your qualifications to provide testimony before the Committee:  
B.S. Agricultural Economics Montana State  
University 1982.
7. If you are appearing on behalf of an organization, please list the capacity in which you are representing that organization, including any offices or elected positions you hold:  
President

PLEASE ATTACH THIS FORM OR YOUR BIOGRAPHY TO EACH COPY OF TESTIMONY.

Committee on Agriculture  
U.S. House of Representatives  
Required Witness Disclosure Form

House Rules\* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2004.

Name: Dale Schuler  
Address: 17105 Dent Bridge Rd. Carter MT 59420  
Telephone: (406) 734-5404  
Organization you represent (if any): National Association  
of Wheat Growers (NAWG)

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2004, as well as the source and the amount of each grant or contract. House Rules do **NOT** require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: \_\_\_\_\_ Amount: \_\_\_\_\_

Source: \_\_\_\_\_ Amount: \_\_\_\_\_

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2004, as well as the source and the amount of each grant or contract:

Source: \_\_\_\_\_ Amount: \_\_\_\_\_

Source: \_\_\_\_\_ Amount: \_\_\_\_\_

Please check here if this form is NOT applicable to you: ☒

Signature: Dale Schuler

\* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: *Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.*

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.